

KBOO Foundation: FY13 Operating Budget – Debbie Rabidue, Finance Coordinator 9-21-12

The Finance Committee is recommending a balanced budget to the Board for FY13. The budget contains new revenue sources and is keeping in line with the Strategic Plan to diversify revenue. With this new fundraising plan come some risks in our budget that we will need to closely monitor throughout the year. These risks are the new fundraising items, 1 less membership drive and the high Events income, along with the increase to payroll expense and fundraising costs. The increase to payroll is a contingency amount, above current wages, in order to allow flexibility in the budget to accommodate the staffing assessment that will be done in Nov-Dec 2012. The FY13 recommended budget is development heavy. There is a substantial increase to both income and expense based on the fundraising plan. There is also flexibility in the budget to cut the spending if the income runs short of the budget goals.

We will be going in to FY13 with about \$95,000 in unrestricted cash in the bank. (This does not include the \$210,000 in Advantis (Board restricted cash reserve) or \$25,000 in BOTC that is restricted for the expenses to the MMT grant funded projects. The available cash should increase dramatically in October with the fall drive. However, cash is low to begin out the fiscal year and we have to monitor it closely. The endowment fund balance is \$189,000 and we are taking semi-annual disbursements from the endowment that total around \$9,000.

I kept the summary to the highlights on the larger budget items. The FY13 Operational Budget (draft) will have the line by line breakdown. The supplemental documents will have items that were cost out, quoted and researched. The 'Budget Notes' will give greater detail behind most of the larger expenses. I did not include the salary worksheet this year, since the overall salary budget may change depending on results from the staffing assessment. The Finance Committee and Station Management have reviewed the salary worksheets that support the budget numbers.

Budget Summary: (numbers are rounded for an easier read)

Fundraising: (Main sources for income)

- **Income \$680k – Direct expenses (not payroll) \$89k**
 - Membership - Income directly attributed to membership efforts is projected to be \$493,800. There is no winter drive or fall sweepstakes planned for FY13, but a substitute program of fundraising is put in place. There will be an increased effort on direct appeals and a higher focus on larger contributions from major donors.
 - Local Business Contributions: A new program will be launched in October to encourage local businesses to contribute to KBOO community radio. The businesses will not be members and this is separate from underwriting, although some businesses may contribute additional funds by underwriting. We will not be solicited local businesses for product contributions for the sweepstakes, as we did in the past.
 - Special Events: This income line item is projected to be substantially higher than we have had, historically. The main income will be derived from a signature event

celebrating KBOO's 45th birthday in June. The first half of the fiscal year will be spent promoting and building up to this event during membership drives and other events and promotions. As of now, there is also an Amy Goodman event and a couple of house parties planned.

- **Other:** Efforts will be made to seek out small unrestricted grants that to support our operational expenses. Restricted grants may also be sought out, but are not in the budget because they would be for specific projects with restricted expenses. We also receive steady donations from the used car program.
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- **Underwriting:** Underwriting income is projected to be relatively flat to the past few years.
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- **Board Led Fundraising:** This amount has increased to \$12,000 which is basically \$1,000 per Director. Lynn can assist the Board on ideas to raise this money. The Board Training & Development will also aid the Directors in understanding the importance of this type of support to the foundation and various ways to fundraise.

Other Income: Web advertising is budgeted, but it is felt that our website needs to be improved before we can see any real gain in this revenue source. We receive small amounts of income from the translator rental in The Dalles, bank interest and promotional sale items.

Expenses: (Big ticket items)

- **Employee costs:** \$420,200 which includes wages, taxes and benefits. A contingency of \$15,000 has been built in to the salaries/wages budget that is above the current cost.
- **Professional and Contract Services:** \$54,200 Increased legal costs to cover the license renewals and filing requirement for FM licenses that KBOO holds. Some money has been budgeted to assist with the staffing assessment. Contract services are to support KBOO's technical departments. (Refer to the Budget supplemental documents 'Budget Notes', for more detail).
- **Insurance:** Our insurance cost has increased, largely due to us being 'non-renewable' for excessive claims which resulted in us needing to find a different carrier. The annual premium has tripled!
- **Engineering material costs:** \$17,000. This budget covers material repairs & maintenance to broadcast equipment and all computers. The computer budget has been increased to cover some needed replacements. (See supplemental budget documents for more detail)
- **Fundraising costs:** \$89,000. The cost to fundraise is made up mostly of printing and postage. Promotional costs and direct expenses to special events. The costs to raise funds have been increased in order to support the new efforts for fundraising and promoting KBOO. (See attached fundraising plan for more detail)
- **Banking fees:** The cost to accept credit card payments has increased from past years due to more donations being paid by plastic and a higher use of the KBOO website to donate.
- **Hard costs:** These are costs that we have to pay and are in main support of the program. Translator/transmitter space rental, utilities, phones, music licenses/royalties, supplies.